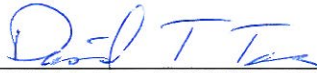


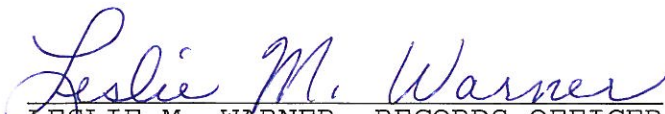
MAY 26, 1999

THE DIRECTOR OF THE SCHOOL AND INSTITUTIONAL TRUST LANDS ADMINISTRATION TOOK FORMAL ACTION ON MAY 26, 1999, IN THE TRUST LANDS ADMINISTRATION OFFICE, 675 EAST 500 SOUTH, SUITE 500, SALT LAKE CITY, UTAH 84102-2818, ON THE BELOW-LISTED MINERAL AND SURFACE BUSINESS MATTERS AS INDICATED.

THESE MINUTES INCLUDE MINERAL ACTIONS AS LISTED ON PAGES M-1 TO M-7; AND SURFACE ACTIONS AS LISTED ON PAGES S-1 TO S-7.



DAVID T. TERRY, DIRECTOR
SCHOOL AND INSTITUTIONAL
TRUST LANDS ADMINISTRATION



LESLIE M. WARNER, RECORDS OFFICER

ARCHIVES APPROVAL NO. 7990209

TRUST LANDS
ADMINISTRATION
Approve JB DT
Deny _____

May 26, 1999
Mineral Actions
Page M-1

MINERAL MATERIALS PERMITS - APPROVED

The following Mineral Materials Permit Application for Brown Sandstone Boulders has been received. The minerals staff has examined the plat books and has determined that the lands are open and available. The minerals staff has also reviewed the applications with the Development Division for possible conflicts with potential surface development. Mr. Blake recommends that the Director approve the applications listed below with annual rental, primary term, royalty rate and special stipulation as indicated.

<u>MLA 48263-MP</u>	<u>T43S, R16W, SLB&M</u>	<u>Washington County</u>
3-H Landscape Products	Sec. 11: NW $\frac{1}{4}$ NW $\frac{1}{4}$	40.00 acres
2160 East Riverside Drive		
St. George, UT 84790		

Commodity: Brown Sandstone Boulders

Annual Rental: \$10.00 per acre

Royalty Rate: The greater of 12.5% gross value, or \$12.00 per ton.

Primary Term: One Year, commencing June 1, 1999

Special Stipulation: Loose float-stone only may be gathered from the surface of the lands within this permit, i.e., Permittee is not allowed to dig any pits or trenches or to rip or blast any rock outcrops to obtain the stone.

FUND: SCH

Application Date: April 30, 1999

TRUST LANDS
ADMINISTRATION
Approve JB OT
Deny _____

May 26, 1999
Mineral Actions
Page M-2

MINERAL MATERIALS PERMITS - APPROVED

The following Mineral Materials Permit Application for Sandstone Boulders has been received. The applicant has submitted the required filing fee of \$100.00, plus annual rental @ \$10.00 per acre. The applicant has also agreed to pay a royalty of \$14.00 per ton. Annual rental is credited against actual production royalty for the year in which it accrues. The minerals staff has examined the plat books and has determined that the lands are open and available for the issuance of a mineral materials permit for sandstone boulders. Mr. Blake recommends that the Director approve the application listed below with annual rental, royalty rate and primary term as indicated.

MLA -MP 48294
Abelecio Jiron
1550 Old Farm Rd.
Duchesne, UT 84021

T13S, R20E, SLB&M
Sec. 2: E½E½

Uintah County
160.00 acres

Commodity: Sandstone Boulders
Annual Rental: \$10.00 per acre
Royalty Rate: \$14.00 per ton.
Primary Term: One Year, commencing June 1, 1999

FUND: SCH

Application Date: May 24, 1999

TRUST LANDS
ADMINISTRATION
Approve JBF
Deny _____

May 26, 1999
Mineral Actions
Page M-3

INTEREST ASSIGNMENTS--OIL, GAS, AND HYDROCARBON LEASES

Mr. Faddies recommends that the Director approve the assignment of 75% interest in and to the lease listed below to Coastal Oil & Gas USA, L.P., 600 17th Street, Suite 800, Denver, CO 80201, by ANR Production Company. No override, but subject to those overrides as previously reserved. The Trust Lands Administration assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: ANR PRODUCTION COMPANY--75%,
FORCENERGY INC.--10%,
CONVEST ENERGY CORPORATION--10%, AND
LEHNDORFF/LGB MINERALS, INC.--5%

....SLA 127 (SCH)....

Mr. Faddies recommends that the Director approve the assignment of 17.2525% interest in and to the lease listed below to **Best Exploration, Inc. (5%)**, Attn: Rodney V. Christ, President, P.O. Box 60006, Grand Junction, CO 81506, **Montana & Wyoming Oil Company (3.51%)**, Attn: Robert C. Balsam, President, P.O. Box 1324, Billings, MT 59103, **T-K Production Company (2.3075%)**, Attn: Thomas M. Hauptman, P.O. Box 2235, Billings, MT 59103, **Senator John W. Warner (2%)**, C/O Thomas M. Hauptman AIF, P.O. Box 2235, Billings, MT 59103, **Harold and Eva Holden 1995 Living Trust (1.25%)**, Attn: Harold & Eva L. Holden, Trustees, Box 1743, Billings, MT 59103, **Great Northern Drilling Co., Inc. (1.17%)**, Attn: George R. Galuska, VP, P.O. Box 1953, Billings, MT 59103-1953, **Western Independent Oil Company (1%)**, Attn: Sam Ohnstad, President, P.O. Box 190, Miles, City, MT 59103-0190, **E. Earl Norwood (.4875%)**, 2708 1st Avenue North, Suite 350, Billings, MT 59101, **Fran Fox Trust U/A Dated 1/1/80 (.39%)**, **Ernest F. Fox, Jr., Trustee (.39%)**, P.O. Box 20321, Billings, MT 59104-0321, and **Walter S. Fees, Jr. Intervivos Trust #1, Walter S. Fees, Jr. and Marceil Fees, Trustees (.1375%)**, 2526 Foresight Circle, Room 10, Grand Junction, CO 81505, by Rosewood Resources, Inc. No override, but subject to those overrides as previously reserved. The Trust Lands Administration assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: ROSEWOOD RESOURCES, INC.--75.875%,
BEST EXPLORATION, INC.--10%,
MORGAN MARATHON LIMITED LIABILITY COMPANY--7.125%,
SENATOR JOHN W. WARNER--2%,
T-K PRODUCTION COMPANY--1.5%,
HAROLD B. & EVA L. HOLDEN, TRUSTEES OF HAROLD & EVA
HOLDEN 1995 LIVING TRUST--1.25%,
WALTER S. FEES, JR. AND MARCEIL FEES, TRUSTEES OF THE
WALTER S. FEES JR. INTERVIVOS TRUST NO. 1--1.25%,
D.J. INVESTMENT COMPANY, LTD.--.5%, AND
DON F. BRADSHAW FAMILY TRUST--.5%

....ML 3221 (SCH)

TRUST LANDS
ADMINISTRATION
Approve TSF DT
Deny _____

May 26, 1999
Mineral Actions
Page M-4

OPERATING RIGHTS ASSIGNMENTS--OIL, GAS, AND HYDROCARBON LEASES

Mr. Faddies recommends that the Director approve the assignment of 100% interest in operating rights from the surface to the Base of the Green River Formation (4822') in part of land: E $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ Sec. 29, T9S, R22E, SLB&M., in and to the lease listed below to Coastal Oil & Gas USA, L.P., 600 17th Street, Suite 800, Denver, CO 80201, by Coastal Oil & Gas Corporation. No override, but subject to those overrides as previously reserved. The Trust Lands Administration assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: GILMAN A. HILL

OPERATING RIGHTS:

T9S, R22E, SLB&M.

Sec. 29: SE $\frac{1}{4}$

SURFACE TO BASE OF GREEN (4822')

COASTAL OIL & GAS CORPORATION--100%

T9S, R22E, SLB&M.

Sec. 29: W $\frac{1}{2}$ SE $\frac{1}{4}$

BASE OF GREEN RIVER FORMATION (4822') TO 6637'

ENRON OIL & GAS COMPANY--66.667%,

PETER PAUL PETROLEUM COMPANY--18.83947827%,

ONE OIL COMPANY--14.44352173%

T9S, R22E, SLB&M.

Sec. 29: E $\frac{1}{2}$ SE $\frac{1}{4}$

BASE OF GREEN (4822') TO 6637'

ENRON OIL & GAS COMPANY--66.667%, AND

COASTAL OIL & GAS CORPORATION--33.333%

T9S, R22E, SLB&M.

Sec. 29: SE $\frac{1}{4}$

6637' TO TOP OF MANCOS (9732')

COASTAL OIL & GAS CORPORATION--100%

T9S, R22E, SLB&M.

Sec. 29: NE $\frac{1}{4}$

SURFACE TO BASE OF GREEN (4822')

COASTAL OIL & GAS CORPORATION--100%

BASE OF GREEN (4822') TO 6759'

COASTAL 1983 DRILLING JOINT VENTURE--100%

6759' TO TOP OF MANCOS (9732')

COASTAL OIL & GAS CORPORATION--100%

T9S, R22E, SLB&M.

Sec. 29: E $\frac{1}{2}$ SW $\frac{1}{4}$

SURFACE TO BASE OF GREEN (4822')

COASTAL OIL & GAS CORPORATION--100%

BASE OF GREEN (4822') TO TOP OF MANCOS (9732')

CIG EXPLORATION INC.--100%

T9S, R22E, SLB&M.

Sec. 29: E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$

BELOW TOP OF MANCOS (9732')

CONOCO, INC.--100%

....UO-1207-ST (SCH)....

TRUST LANDS
ADMINISTRATION
Approve JBF DT
Dony _____

May 26, 1999
Mineral Actions
Page M-5

OPERATING RIGHTS ASSIGNMENTS--OIL, GAS, AND HYDROCARBON LEASES

Mr. Faddies recommends that the Director approve the assignment of 48.0878% interest in operating rights from the surface of the earth down to 100 feet below stratigraphic equivalent of Base of Cane Creek Formation as encountered at a depth of 7261 feet (minus 1477' subsea) in the Pure Oil Company Big Flat #5 Well located in NW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 27, T25S, R19E, SLB&M., in and to the leases listed below to Coastal Oil & Gas USA, L.P., 600 17th Street, Suite 800, Denver, CO 80201, by Coastal Oil & Gas Corporation. No override, but subject to those overrides as previously reserved. The Trust Lands Administration assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: COASTAL OIL & GAS CORPORATION--100%
OPERATING RIGHTS: FROM SURFACE OF EARTH TO 100 FEET
BELOW STRATIGRAPHIC EQUIVALENT OF BASE OF CANE CREEK
FORMATION AS ENCOUNTERED AT A DEPTH OF 7261 FEET
(MINUS 1477 FEET SUBSEA) IN THE PURE OIL COMPANY BIG
FLAT #5 WELL, LOCATED IN THE NW $\frac{1}{4}$ SE $\frac{1}{4}$ SEC. 27, T25S,
R19E, SLB&M.
COASTAL OIL & GAS CORPORATION--48.0878%,
ENSERCH EXPLORATION, INC.--18.1692%,
COLUMBIA GAS DEVELOPMENT CORPORATION--16.8715%, AND
EXXON CORPORATION--16.8715%

....ML 43326 (SCH)....ML 44333 (SCH)....ML 43685 (SCH)....

TRUST LANDS
ADMINISTRATION
Approve JBF DT

OVERRIDING ROYALTY ASSIGNMENTS--OIL, GAS, AND HYDROCARBON LEASES

Mr. Faddies recommends that the Director approve the assignment of 1.1% overriding royalty interest in and to the lease listed below to **MAP 1998-B, L.P.**, a California Limited Partnership (92% of 1.1% or 1.012%), C/O Chase Bank, P.O. Box 660197, Dallas, TX 75221, **William W. Whitley** (4% of 1.1% or .044%), 255 South Milwaukee Street, Denver, CO 80209, and **Sigmund J. Rosenfeld** (4% of 1.1% or .044%), 225 Dexter Street, Denver, CO 80220, by Frances A. Hannifin, Christopher R.F. Eckels, and Christopher R.F. Eckels, Trustee of the Robert E. Eckels Family Trust. The Trust Lands Administration assumes no responsibility in collecting or distributing overriding royalty. (REFUND: \$30.00 OVERPAYMENT OF FILING FEES)

LEASE OWNERSHIP: RIVER GAS OF UTAH, INC.
OVERRIDE: FRANCES A. HANNIFIN,
CHRISTOPHER R.F. ECKELS, AND
ROBERT E. ECKELS FAMILY TRUST--1.1%

....ML 44726 (SCH)....

TRUST LANDS
ADMINISTRATION
Approve ABF
Deny _____

May 26, 1999
Mineral Actions
Page M-6

OPERATING RIGHTS ASSIGNMENTS--OIL, GAS, AND HYDROCARBON LEASES

Mr. Faddies recommends that the Director approve the assignment of 1/2 of 5% or 2.5% overriding royalty interest in and to the lease listed below to **MAP 1998-B, L.P.**, a California Limited Partnership (**91.5% of 2.5% or 2.2875%**), C/O Chase Bank, P.O. Box 660197, Dallas, TX 75221, **William W. Whitley (4.25% of 2.5% or .10625%)**, 255 South Milwaukee Street, Denver, CO 80209, and **Sigmund J. Rosenfeld (4.25% of 2.5% or .10625%)**, 225 Dexter Street, Denver, CO 80220, by L. Jeane Dorough, Trustee of The L. Jeane Dorough Trust. The Trust Lands Administration assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: RIVER GAS OF UTAH, INC.

OVERRIDE: L. JEANE DOROUGH, TRUSTEE OF THE L. JEANE DOROUGH TRUST--5% OF 8/8THS

....ML 48186 (SCH)....

Mr. Faddies recommends that the Director approve the assignment of 1/8 OF 1% OR .125% overriding royalty interest in and to the lease listed below to **MAP 1998-B, L.P.**, a California Limited Partnership (**87.5% of 1/8 of 1% or .109375%**), C/O Chase Bank, P.O. Box 660197, Dallas, TX 75221, **William W. Whitley (6.25% of 1/8 of 1% or .0078125%)**, 255 South Milwaukee Street, Denver, CO 80209, and **Sigmund J. Rosenfeld (6.25% of 1/8 of 1% or .0078125%)**, 225 Dexter Street, Denver, CO 80220, by Raymond J. Berg. The Trust Lands Administration assumes no responsibility in collecting or distributing overriding royalty.

LEASE OWNERSHIP: RIVER GAS CORPORATION

OVERRIDE: RAYMOND J. BERG--1/8 OF 1%

....ML 48178 (SCH)....

TRUST LANDS
ADMINISTRATION
Approve TBF DT
Deny _____

May 26, 1999
Mineral Actions
Page M-7

CORRECTION OF DIRECTOR'S MINUTES OF AUGUST 14, 1996 -- SL-66312-ST--OIL, GAS,
AND HYDROCARBON (SCH)

The Director, on August 14, 1996, approved the partial assignment of Lots 9, 10, 11, 12, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ Sec. 2, T7S, R23E, SLB&M., in Uintah County to Citation 1994 Investment Limited Partnership, 8223 Willow Place South, Suite 250, Houston, TX 77070-5623, by Exxon Corporation. Since the time of this approval it has been discovered that at the time of assignment, it was Exxon's objective to relinquish all rights to Lots 1, 2, 3, 4, 5, 6, 7, 8 of Sec. 2, T7S, 25E, SLB&M., 243.36 acres, and retain Lots 9, 10, 11, 12, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ Sec. 2, T7S, R23E, SLB&M. 640.00 acres. By letter dated May 4, 1999, Exxon Corporation expressed their desire that the 243.36 acres in question be relinquished, thereby making the partial assignment unnecessary.

Mr. Tom Faddies recommends that the partial assignment approved August 14, 1996, be rescinded and recommends that the assignment be approved as a total assignment of Lots 9, 10, 11, 12, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$ Sec. 2, T7S, R23E, SLB&M., 640.00 acres (the entire remaining acreage in the lease) in Uintah County, to Citation 1994 Investment Limited Partnership by Exxon Corporation. Mr. Tom Faddies, also recommends that this lease be partially relinquished as to Lots 1, 2, 3, 4, 5, 6, 7, 8, Sec 2, T7S, R25E, SLB&M., 243.36 acres.

GRAZING PERMITS

TRUST LANDS
ADMINISTRATION
Approve DT
Deny _____

GRAZING PERMIT NO. 22709 (TERMINATION)

The above-referenced grazing permit was issued to Ken Iverson, 1174 North 1100 West, St. George, Utah 84770-4805. Because of the development plan by the City of Washington, there will be no forage available to graze livestock. Therefore the Trust Lands Administration is terminating this permit, affective August 1, 1999. The lessee has been notified by written letter. The grazing fees for the current grazing year, in the amount of \$112.00, will be refunded. Washington County. Miners Hospital fund.

Mr. Hales recommends that the Director approve the termination of GP 22709, and that the 1999 grazing fees in the amount of \$112.00 be refunded.

* * * * *

EASEMENTS

TRUST LANDS
ADMINISTRATION
Approve K DT
Deny _____

ASSIGNMENT OF RIGHT OF WAY NO. 961

Ocean Energy, Inc., successor by merger to UMC Petroleum Corporation, 410 - 17th Street, Suite 1400, Denver, Colorado 80202, has requested permission to assign 100% of its interest in the above-referenced right of way to Citation Oil & Gas Corp., 8223 Willow Place S., Suite 250, Houston, Texas 77070. This right of way was recently assigned to Ocean Energy, Inc.; therefore, the criteria in R850-40-1600 has been satisfied. The \$200.00 assignment fee has been submitted. Uintah County. School fund.

Mr. Wilcox recommends that the Director approve the assignment of Right of Way No. 961.

TRUST LANDS
ADMINISTRATION
Approve K DT
Deny _____

EASEMENT 557 (PARTIAL RELINQUISHMENT)

The Bureau of Land Management (BLM), Price Field Office, 125 South 600 West, Price, Utah 84501, has requested that Easement 557 be amended. Easement 557 was reserved by the BLM when the Federal Exchange with the School and Institutional Trust Lands Administration was finalized. However, certain portions of the road network included in Easement 557 no longer access public land and are no longer needed by the BLM. The portions of the easement no longer needed by the BLM are described as follows:

T16S, R9E, SLB&M

Sec. 21: SE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$
Sec. 22: W $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$
Sec. 27: W $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$

T16S, R9E, SLB&M

Sec. 17: N $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$
Sec. 20: E $\frac{1}{2}$ NE $\frac{1}{4}$
Sec. 21: SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$
Sec. 27: W $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$

T16S, R9E, SLB&M

Sec. 5: SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$
Sec. 6: S $\frac{1}{2}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$
Sec. 8: NE $\frac{1}{4}$
Sec. 9: S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

T16S, R9E, SLB&M

Sec. 17: S $\frac{1}{2}$ SW $\frac{1}{4}$, E $\frac{1}{4}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$

Mr. Wilcox recommends that the Director approve the partial relinquishment of Easement No. 557.

* * * * *

RIGHTS OF ENTRY

RIGHTS OF ENTRY NO. 4240 (APPROVAL)

TRUST LANDS
ADMINISTRATION
Approve AC ST
Deny _____

On May 5, 1999, the School and Institutional Trust Lands Administration received an application from Matt Moore, dba Desert Highlights, P.O. Box 1342, Moab, UT 84532, to occupy the following described trust land located within Grand County to conduct hiking and canyoneering trips for a one-year term:

T25S, R22E, SLB&M

Sec. 32: Within

T26S, R22E, SLB&M

Sec. 2: Within

The fee for this right of entry is \$200.00 plus a \$50.00 application fee and a \$50.00 processing fee, totaling \$300.00. Grand County. School fund. Expiration date: May 4, 2000.

Mr. Parmenter recommends that the Director approve Right of Entry No. 4240 for a one-year term.

RIGHT OF ENTRY NO. 4241

On May 10, 1999, Mr. Jan Parmenter, S.E. Area Realty Specialist, pursuant to R850-41-200, and in accordance with direction and delegation of authority, approved the request of Exxon Production Research Company, P.O. Box 2189, Houston, TX 77252, to occupy the following described trust land located within Grand County to conduct a vibraseis and core drilling seismic survey:

T21S, R16E, SLB&M
Sec. 36: Within

The fee for this right of entry is \$200.00 plus a \$50.00 application fee and a \$50.00 processing fee, totaling \$300.00. Grand County. School fund. Expiration date: July 31, 1999.

This item was submitted by Mr. Parmenter for record-keeping purposes.

* * * * *

SPECIAL USE LEASE AGREEMENTS

SPECIAL USE LEASE APPLICATION NO. 1205 (APPROVAL)

TRUST LANDS
ADMINISTRATION
Approve
Deny

APPLICANT'S NAME AND ADDRESS:

Roger C. Randolph
P.O. Box 2193-Ticaboo
Lake Powell, Utah 84533

LEGAL DESCRIPTION:

Township 34 South, Range 12 East, SLB&M
Section 32: E $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$

COUNTY: Garfield ACRES: 80.00 FUND: School

PROPOSED ACTIONS:

The applicant proposes to utilize the parcel for improved pastures.

RELEVANT FACTUAL BACKGROUND:

On June 25, 1998, Roger C. Randolph submitted an application to lease trust lands for agricultural purposes. The applicant proposes to use the

property for rotational grazing of livestock, primarily sheep. The exterior boundary of the 80 acres would be fenced and the interior would be fenced into smaller pastures. Initially, water would be supplied from a well on the adjacent property which the applicant leases under SULA 949. Within the next five years, a well will be drilled on the subject property.

The application was accepted by the Director on January 27, 1999. On February 11, 1999, the applicant submitted \$400.00 for the application fee and advertising costs. Pursuant to R850-30-500(2)(d), competing applications were solicited through publication in a newspaper of general circulation in Garfield County, and notice was sent to the appropriate parties. The solicitation and notice did not result in any additional competing applications.

Notice of this application was sent to the RDCC on February 1, 1999. RDCC responded with the following comment: "The Resource Development Coordinating Committee (RDCC), representing the State of Utah, has reviewed this proposal and has no comments at this time."

In response to the RDCC notification, a letter was received from the Richfield Field Office of the Bureau of Land Management. This letter indicates that the Trust Lands Administration should take into account the fact that the surrounding public land has been inventoried and found to contain wilderness characteristics. A letter from the Southern Utah Wilderness Alliance was also received stating, "the proposed lease is within the Little Rockies unit of H.R. 1500. As such, any surface disturbance and/or permanent structure or construction could negatively impact future wilderness consideration and designation by the United States Congress."

The Trust Lands Administration responds to these comments as follows:

1) The Trust Lands Administration is certainly aware that the surrounding public land has been found to have wilderness characteristics. However, it should be noted that trust lands cannot be designated as wilderness by Congress, nor would it be appropriate to curtail income-generating uses in order to, in effect, subsidize a non-beneficiary.

2) 40 acres of trust land adjacent to the north of the subject property are leased by the applicant under SULA 949 (a residential lease). He has constructed a barn, a corral, a water well, and a picnic area. It follows that the wilderness potential of this area has been compromised.

3) If the federal government were to someday acquire the subject property from the Trust Lands Administration, the removal of the fence

would easily return the subject property back to its natural state.

The staff archaeologist has reviewed this proposal and has required completion of a cultural resource survey. The applicant has indicated his preference is to hire an archaeologist himself. The issuance of the lease will be conditioned on compliance with this requirement.

EVALUATION OF FACTS:

Exclusion number 14 of the Administrative Policy on Records of Decision indicates that the issuance of special use leases may be exempt from the full narrative ROD process if the Director finds that the action is not substantive, or if the action does not warrant the time and expense necessary to complete a full narrative ROD, or if the action will not restrict an interested party access to an appeal process. Since there were no competing applicants, and the bid from the original applicant is being accepted, this criterion is considered to have been met.

As to the stated wilderness concerns from the Bureau of Land Management and the Southern Utah Wilderness Alliance, the applicant currently has a residential special use lease on 40 acres adjacent to the subject property. He has not yet built a house but has constructed a barn, picnic area, and corrals along with some water development.

As mentioned above, the competing applications were solicited pursuant to R850-30-500(2) and no competing applications were received. The application was reviewed pursuant to R850-30-500(2)(g) and the applicant was notified of the need to submit a sealed bid pursuant to R850-30-500(2)(f). The applicant submitted a bid of \$680.00 per year on the 80 acres.

R850-30-400 requires the Trust Lands Administration receive at least fair market value for surface leases. Land value in this area, based on recent information, indicates a value of approximately \$200.00 per acre. Based on this information, the annual lease payments offered by the applicant does not meet the value requirement establishment by rule. However, the offer is much more than is received in grazing fees which is currently \$33.40 per year. The lease will contain a clause allowing for the cancellation of the lease at the end of any lease year should a higher and better use present itself.

The applicant has requested a 20-year term which is the standard term for an agricultural lease.

Mr. Wilcox recommends that the Director approve SULA 1205 for a 20-year term with a five-year rental review. Based on the above evaluation, this summary constitutes the record of decision.

TRUST LANDS
ADMINISTRATION
Approve *K* *DT*
Deny _____

SPECIAL USE LEASE AGREEMENT NO. 763 (AMENDMENT)

The above referenced special use lease is held by Deloy & LaDawn Gubler, 428 North 500 West, St. George, UT 84770. Current use on the lease is one residential home. The lessee has requested that the lease be amended to include a trailer/mobile home for the occasional use of guests and for other family purposes. Said trailer shall not be used as a rental for any purpose. The lessee will pay the current rental of \$2,870.00 per year for their lease. The \$400.00 amendment fee has been received. Washington County. School fund.

Mr. Brown recommends that the Director approve the amendment of SULA 763 as stated above.

TRUST LANDS
ADMINISTRATION
Approve *K* *DT*
Deny _____

SPECIAL USE LEASE NO. 433 (FIVE-YEAR REVIEW)

SULA 433 is a commercial special use lease agreement issued to Rockland Ranch, c/o Bob Foster, La Sal, UT 84532. Based upon the available information, the lessee is registered to do business in the state of Utah. San Juan County. School Fund.

1. ANNUAL BASE RENTAL:

The five-year lease rental review date for this commercial lease is August 1, 1999. The subject property is currently used as a residence and part-time bed & breakfast. The lease provides for a base rental as well as a royalty of 1% of gross receipts. Pursuant to the approved index for commercial leases, it is recommended that the lease rental be increased from \$1,360.00 to \$1,800.00 per annum, effective August 1, 1999. A certified notice of the proposed rental increase was sent to the lessee. No response was received.

New annual base rental amount: \$1,800.00
Acres in lease: 82.38 acres
Rental per acre: \$21.85/acre

2. DUE DILIGENCE AND PROPER USE:

The development as described in the lease agreement has occurred.

3. ADEQUATE INSURANCE AND BOND COVERAGE:
Under the terms of this lease agreement, no bond or insurance coverage is required.
4. ESTABLISHMENT OF WATER RIGHTS:
A water right has been appropriated for this property under Water Right No. 05-2281 for domestic and livestock watering purposes, and is in the name of the Trust Lands Administration.
5. POLLUTION AND SANITATION REGULATIONS:
The Trust Lands Administration is unaware of any violations of valid sanitation and pollution regulations as prescribed by any governmental agency having jurisdiction. There is no evidence of underground storage tanks on the premises.
6. NEXT REVIEW DATE:
The next review date for this lease will be on August 1, 2004.

Mr. Parmenter recommends the Director approve the five-year lease review for Special Use Lease No. 433.

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